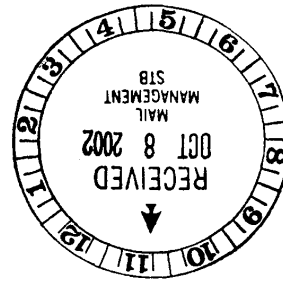


RECORDATION NO. 24166 FILED

OCT 8 '02 2-23 PM

SURFACE TRANSPORTATION BOARD



September 13, 2002

Surface Transportation Board
Office of the Secretary
1925 K Street, NW
Washington, D.C. 20423-0001

Ladies and Gentlemen:

Enclosed please find an original and one copy/counterpart of the document(s) described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a security agreement, a primary document, dated September 13, 2002.

We request this security agreement be cross-indexed.

The names and addresses of the parties to the documents are as follows:

Debtor: H & H Railcars, Inc.
1699 CR 270
Weimer, Texas 78962-4453

Secured Party: Wells Fargo Bank Texas, National Association
South Texas RCBO MAC T5002-031
1000 Louisiana, 3rd Floor
Houston, Texas 77002

Enclosed is a Security Agreement from H & H Railcars, Inc. to Wells Fargo Bank Texas, National Association, and dated September 13, 2002, covering specific goods described as follows:

See Exhibit A attached hereto.


Also, enclosed is a check in the amount of \$28.00 payable to the order of Surface Transportation Board covering the recordation fee.

Please return the original and any extra copies not needed by the Board for recordation to Wells Fargo Bank, National Association, MAC #C7300-034, 1740 Broadway, Denver, CO 80274.

Thank you for your attention with this matter.

Very truly yours,

WELLS FARGO BANK TEXAS,
NATIONAL ASSOCIATION

By: 
Charles Calvin, Vice President

NOTARY ACKNOWLEDGEMENT

This instrument was acknowledged before me on September 30, 2002, by
Charles Calvin.



Michelle Kirbie
NOTARY PUBLIC, STATE OF TEXAS

Michelle Kirbie
PRINTED NAME OF NOTARY

MY COMMISSION EXPIRES:

5-8-06

This instrument was acknowledged before me on September 30, 2002, by
Charles Calvin of Wells Fargo Bank, Texas NA, a Texas Corporation,
on behalf of said corporation.



Michelle Kirbie
NOTARY PUBLIC, STATE OF TEXAS

Michelle Kirbie
PRINTED NAME OF NOTARY

MY COMMISSION EXPIRES:

5-8-06

RECORDATION NO. 24166 FILED

WELLS FARGO BANK

OCT 8 '02

2-23 PM

**SECURITY AGREEMENT
SPECIFIC GOODS**

SURFACE TRANSPORTATION BOARD

1. GRANT OF SECURITY INTEREST. For valuable consideration, the undersigned **H & H RAILCARS, INC.**, or any of them ("Debtor"), hereby grants and transfers to **WELLS FARGO BANK TEXAS, NATIONAL ASSOCIATION** ("Bank") a security interest in the following described goods, wherever located, whether in the possession of Debtor or any other person and whether located on Debtor's property or elsewhere, and all improvements, replacements, accessions and additions thereto and embedded software included therein (collectively called "Collateral"):

VARIOUS RAILCARS AS MORE FULLY DESCRIBED IN EXHIBIT A ATTACHED HERETO, ALL TERMS OF WHICH ARE INCORPORATED HEREIN BY THIS REFERENCE.

together with whatever is receivable or received when any of the Collateral or proceeds thereof are sold, leased, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, including without limitation, (a) all accounts, contract rights, chattel paper (whether electronic or tangible), instruments, promissory notes, documents, general intangibles, payment intangibles and other rights to payment of every kind now or at any time hereafter arising from any such sale, lease, collection, exchange or other disposition of any of the foregoing, (b) all rights to payment, including returned premiums, with respect to any insurance relating to any of the foregoing, and (c) all rights to payment with respect to any claim or cause of action affecting or relating to any of the foregoing (hereinafter called "Proceeds").

2. OBLIGATIONS SECURED. The obligations secured hereby are the payment and performance of: (a) all present and future Indebtedness of Debtor to Bank; (b) all obligations of Debtor and rights of Bank under this Agreement; and (c) all present and future obligations of Debtor to Bank of other kinds. The word "Indebtedness" is used herein in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of Debtor, or any of them, heretofore, now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Debtor may be liable individually or jointly, or whether recovery upon such Indebtedness may be or hereafter becomes unenforceable.

3. TERMINATION. This Agreement will terminate upon the performance of all obligations of Debtor to Bank, including without limitation, the payment of all Indebtedness of Debtor to Bank, and the termination of all commitments of Bank to extend credit to Debtor, existing at the time Bank receives written notice from Debtor of the termination of this Agreement.

4. OBLIGATIONS OF BANK. Bank has no obligation to make any loans hereunder. Any money received by Bank in respect of the Collateral may be deposited, at Bank's option, into a non-interest bearing account over which Debtor shall have no control, and the same shall, for all purposes, be deemed Collateral hereunder.

5. REPRESENTATIONS AND WARRANTIES. Debtor represents and warrants to Bank that: (a) Debtor's legal name is exactly as set forth on the first page of this Agreement, and all of Debtor's organizational documents or agreements delivered to Bank are complete and accurate in every respect; (b) Debtor is the owner and has possession or control of the Collateral and Proceeds; (c) Debtor has the exclusive right to grant a security interest in the Collateral and Proceeds; (d) all Collateral and Proceeds are genuine, free from liens, adverse claims, setoffs, default, prepayment, defenses and conditions precedent of any kind or character, except the lien created hereby or as otherwise agreed to by Bank, or heretofore disclosed by Debtor to Bank, in writing; (e) all statements contained herein are true and complete in all material respects; (f) no financing statement covering any of the Collateral or Proceeds, and naming any secured party other than Bank, is on file in any public office; and (g) Debtor is not in the business of selling goods of the kind included within the Collateral subject to this Agreement, and Debtor acknowledges that no sale or other disposition of any Collateral, including without limitation, any Collateral which Debtor may deem to be surplus, has been or shall be consented to or acquiesced in by Bank, except as specifically set forth in writing by Bank.

6. COVENANTS OF DEBTOR.



thereon, or otherwise, in its own name or a fictitious name; (j) to endorse, collect, deliver and receive payment under instruments for the payment of money constituting or relating to Proceeds; (k) to prepare, adjust, execute, deliver and receive payment under insurance claims, and to collect and receive payment of and endorse any instrument in payment of loss or returned premiums or any other insurance refund or return, and to apply such amounts received by Bank, at Bank's sole option, toward repayment of the Indebtedness or replacement of the Collateral; (l) to exercise all rights, powers and remedies which Debtor would have, but for this Agreement, with respect to all Collateral and Proceeds subject hereto; (m) to enter onto Debtor's premises in inspecting the Collateral; and (n) to do all acts and things and execute all documents in the name of Debtor or otherwise, deemed by Bank as necessary, proper and convenient in connection with the preservation, perfection or enforcement of its rights hereunder.

8. PAYMENT OF PREMIUMS, TAXES, CHARGES, LIENS AND ASSESSMENTS. Debtor agrees to pay, prior to delinquency, all insurance premiums, taxes, charges, liens and assessments against the Collateral and Proceeds, and upon the failure of Debtor to do so, Bank at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Any such payments made by Bank shall be obligations of Debtor to Bank, due and payable immediately upon demand, together with interest at a rate determined in accordance with the provisions of Section 15 hereof, and shall be secured by the Collateral and Proceeds, subject to all terms and conditions of this Agreement.

9. EVENTS OF DEFAULT. The occurrence of any of the following shall constitute an "Event of Default" under this Agreement: (a) any default in the payment or performance of any obligation, or any defined event of default, under (i) any contract or instrument evidencing any Indebtedness, or (ii) any other agreement between Debtor and Bank, including without limitation any loan agreement, relating to or executed in connection with any Indebtedness; (b) any representation or warranty made by Debtor herein shall prove to be incorrect, false or misleading in any material respect when made; (c) Debtor shall fail to observe or perform any obligation or agreement contained herein; (d) any impairment of the rights of Bank in any Collateral or Proceeds or any attachment or like levy on any property of Debtor; and (e) Bank, in good faith, believes any or all of the Collateral and/or Proceeds to be in danger of misuse, dissipation, commingling, loss, theft, damage or destruction, or otherwise in jeopardy or unsatisfactory in character or value.

10. REMEDIES. Upon the occurrence of any Event of Default, Bank shall have the right to declare immediately due and payable all or any Indebtedness secured hereby and to terminate any commitments to make loans or otherwise extend credit to Debtor. Bank shall have all other rights, powers, privileges and remedies granted to a secured party upon default under the Texas Business and Commerce Code or otherwise provided by law, including without limitation, the right (a) to contact all persons obligated to Debtor on any Collateral or Proceeds and to instruct such persons to deliver all Collateral and/or Proceeds directly to Bank, and (b) to sell, lease, license or otherwise dispose of any or all Collateral. All rights, powers, privileges and remedies of Bank shall be cumulative. No delay, failure or discontinuance of Bank in exercising any right, power, privilege or remedy hereunder shall affect or operate as a waiver of such right, power, privilege or remedy; nor shall any single or partial exercise of any such right, power, privilege or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. Any waiver, permit, consent or approval of any kind by Bank of any default hereunder, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing. It is agreed that public or private sales or other dispositions, for cash or on credit, to a wholesaler or retailer or investor, or user of property of the types subject to this Agreement, or public auctions, are all commercially reasonable since differences in the prices generally realized in the different kinds of dispositions are ordinarily offset by the differences in the costs and credit risks of such dispositions.

While an Event of Default exists: (a) Debtor will deliver to Bank from time to time, as requested by Bank, current lists of all Collateral and Proceeds; (b) Debtor will not dispose of any Collateral or Proceeds except on terms approved by Bank; (c) at Bank's request, Debtor will assemble and deliver all Collateral and Proceeds, and books and records pertaining thereto, to Bank at a reasonably convenient place designated by Bank; and (d) Bank may, without notice to Debtor, enter onto Debtor's premises and take possession of the Collateral. Debtor further agrees that Bank shall have no obligation to process or prepare any Collateral for sale or other disposition.

17. SEVERABILITY OF PROVISIONS. If any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or any remaining provisions of this Agreement.

18. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

Debtor warrants that Debtor is an organization registered under the laws of the State of Texas.

Debtor warrants that its chief executive office (or principal residence, if applicable) is located at the following address: **1699 CR 270, WEIMAR, TX 78962**

Debtor warrants that the Collateral (except goods in transit) is located or domiciled at the following additional addresses: **NONE**

IN WITNESS WHEREOF, this Agreement has been duly executed as of **September 13, 2002**.

H & H RAILCARS, INC.

By: _____

Title: _____



Please Initial

**EXHIBIT A
TO
UCC FINANCING STATEMENT**

This Exhibit A is attached to and made a part of that certain UCC Financing Statement executed by **H & H RAILCARS, INC.**, as Debtor, for the benefit of WELLS FARGO BANK TEXAS, NATIONAL ASSOCIATION, as Secured Party.

The following is hereby incorporated into said UCC Financing Statement as the description of the collateral subject thereto:

All goods described below, wherever located, whether in the possession of Debtor or any other person, and all improvements, replacements, accessions and additions thereto and embedded software included therein, and all proceeds of any of the foregoing, whether arising from the sale, lease or other use or disposition thereof, including without limitation, all rights to payment with respect to any insurance, including returned premiums, or any claim or cause of action relating to any of the foregoing.

Description of goods:

VARIOUS RAILCARS AS MORE FULLY DESCRIBED IN EXHIBIT A ATTACHED HERETO, ALL TERMS OF WHICH ARE INCORPORATED HEREIN BY THIS REFERENCE.



- 15 112-J-400 33,700 Gallon Capacity Pressure Cars**
TEIX 33000, TEIX 33070, TEIX 33080, TEIX 33100, TEIX 33110,
TEIX 33120, TEIX 33150, TEIX 33160, TEIX 33190, TEIX 33210,
TEIX 33220, TEIX 33230, TEIX 33250, TEIX 33280, TEIX 33290
- 12 111-A-100-W1 20,500 Gallon Capacity, Interior Coiled, Non-Insulated**
TEIX 20501, TEIX 20502, TEIX 20503, TEIX 20504, TEIX 20505,
TEIX 20506, TEIX 20507, TEIX 20508, TEIX 20509, TEIX 20510,
TEIX 20511, TEIX 20523
- 2 111-A-100-W3 20,500 Gallon Capacity, Exterior Coiled, Insulated**
TEIX 21526, TEIX 21527
- 12 105-J-300-W 34,000 Gallon Capacity, Pressure Cars**
TEIX 34000, TEIX 34001, TEIX 34002, TEIX 34003, TEIX 34004,
TEIX 34005, TEIX 34006, TEIX 34007, TEIX 34008, TEIX 34009,
TEIX 34019, TEIX 34021
- 7 112-J-400-W 33,700 Gallon Capacity Pressure Cars**
TEIX 170, TEIX 181, TEIX 184, TEIX 191, TEIX 197, TEIX 211,
TEIX 218
- 15 5800 Cubic Feet Covered Hopper Cars built by ACF Industries**
TEIX 58050, TEIX 58051, TEIX 58052, TEIX 58053, TEIX 58054,
TEIX 58055, TEIX 58056, TEIX 58057, TEIX 58058, TEIX 58059,
TEIX 58060, TEIX 58061, TEIX 58062, TEIX 58123, TEIX 58124

NOTARY ACKNOWLEDGEMENT

This instrument was acknowledged before me on Sept 25, 2002, by
Hugo C. Helmcamp.



Shannon Rosenauer
NOTARY PUBLIC, STATE OF TEXAS

Shannon Rosenauer
PRINTED NAME OF NOTARY

MY COMMISSION EXPIRES:

4-6-2005

This instrument was acknowledged before me on Sept 25, 2002, by
Hugo C. Helmcamp of H+H Railcars Inc, a Texas Corporation, on
behalf of said corporation.



Shannon Rosenauer
NOTARY PUBLIC, STATE OF TEXAS

Shannon Rosenauer
PRINTED NAME OF NOTARY

MY COMMISSION EXPIRES:

4-6-2005